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February 10, 2003

## APPLICATION

### VIA FIRST CLASS MAIL

Honorable James H. Welsh  
Commissioner of Conservation  
Louisiana Office of Conservation  
Post Office Box 94275  
Baton Rouge, Louisiana 70804-9275

RE: Application for Extension of Commingling Authority (Onshore Well Test)  
Masters Creek Commingling Facility No. 1 (90325)  
Chesapeake Operating, Inc. AUS C RA SUG; Carruth No. 3-1 Well  
Masters Creek Field, Rapides Parish, Louisiana  
Applicant: Chesapeake Operating, Inc.

Dear Commissioner Welsh:

Whereas parties in interest in the captioned Unit are too numerous to practically obtain unanimous approval for well test commingling of production from same, Application is hereby made on behalf of **CHESAPEAKE OPERATING, INC.** ("Chesapeake") to call a public hearing to consider extending authority for such commingling of production. Upon presentation of sufficient evidence at hearing, Chesapeake requests that an Order issue approving the proposed extension of the authority for the onshore commingling of natural gas and liquid hydrocarbons from the Austin

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Unit was not drilled to be actively placed into said facility. Thus, Chesapeake seeks to have said Unit approved for the Facility above referenced pursuant to Statewide Order 29-D-1 in the proposed configuration shown on the attached schematic diagram and described in the detailed narrative enclosed herewith.

Unless otherwise indicated below, this Application is made pursuant and subject to certain Unitization Orders which have been duly entered to pool and equitably allocate production among the interested parties hereto, from a number of the wells referenced below producing from the Austin Chalk, Reservoir A, as recognized by the Louisiana Office of Conservation in the Masters Creek Field, as situated in the captioned parish, all as operated by Chesapeake. The following is a listing of the units and wells, with applicable serial numbers, from which production currently flows into the subject facility:

AUS C RA SUH; Cloud No. 9-1	SN 218807
AUS C RA SUJJ; Giles No. 22-1	SN 220524
AUS C RA SUII; Hays No. 9-1	SN 220157
AUS C RA SUFF; Lord No. 19-1	SN 219191
AUS C RA SU66; McRight No. 11-1	SN 220520
AUS C RA SUEE; Murchison No. 11-1	SN 220420
AUS C RA SUDD; Vanply No. 21-1	SN 219677
AUS C RA SUKK; Wahlder No. 29-1	SN 220443
AUS C RA SULL; Lord No. 25-1	SN 220367
AUS C RA SU68; Lord No. 1-1	SN 220859
AUS C RA SUMM; Vanply 27-1	SN 220597

The additional unit and well to be added to the Facility as proposed by this Application is the following:

<b>AUS C RA SUG; Carruth 3-1</b>	<b>SN 227440</b>
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To facilitate the requested grant for an Order extended authority for the commingling of natural gas and liquid hydrocarbons produced from the AUS C RA SUG; Carruth No. 3-1 Well into the Masters Creek Commingling Facility No. 1, in Rapides Parish, Louisiana, and the use of periodic well tests for the allocation of production to said unit and well, please find enclosed:

4. Our firm's check on behalf of Applicant, Chesapeake Operating, Inc., in the amount of \$755.00 made payable to the Office of Conservation and representing the required administrative application fee for the hearing of this matter.

Chesapeake, as the owner and operator of the Masters Creek Commingling Facility No. 1 (90325) in the Masters Creek Field, makes this Application proposing to accomplish commingling and allocation by periodic well testing of onshore production in the manner set forth in the narrative explanation attached hereto, and with reference to and as shown on the detailed schematic flow diagram of the proposed commingling facility attached hereto.

Pursuant thereto, Chesapeake requests that notice of the filing of this Application be published in the official journal of the State of Louisiana. Further, Chesapeake requests that a copy of said notice be forwarded to Chesapeake through undersigned counsel for mailing to all parties on the Interested Parties list, to be proved by an affidavit of mailing submitted to the Office of Conservation. Upon such due notice, Chesapeake requests that this matter be set for public hearing pursuant to La. R.S. 30:6 for consideration by the Commissioner of this Application for the issuance of an Order approving the commingling of produced natural gas and liquid hydrocarbons from the aforementioned units and sand, and tested per periodic well test and metered for total volume for commingling and fair and equitable allocation as proposed.

It is the opinion of Chesapeake that the onshore commingling of natural gas and liquid hydrocarbons and the use of periodic well testing for allocation of such production in the manner proposed herein will provide reasonably accurate measurement, will not create inequities, and will afford the owner of any interest therein the opportunity to recover his just and equitable share of production or revenues accruing from the units and wells under consideration. An equity statement executed by an appropriate Chesapeake representative is attached hereto, attesting to and confirming same.

A reasonable effort was made to ascertain the names and addresses of all Interested Parties in this proceeding. A copy of this Application has been mailed to the District Manager of the Lafayette District, Office of Conservation, and to the Interested Parties. Upon receipt of the Legal Notice, the Applicant will mail a copy of same to all Interested Parties in accordance with Statewide Order 29-D-1, and forward to you the required affidavit of mailing.

Very truly yours

